

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

DMG 5038 – MANAGEMENT ACCOUNTING

(For Diploma Students Only)

22 OCTOBER 2016
9.00 A.M. – 11.00 A.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 5 questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

Question 1**Part A**

The following data were taken from Abbas Manufacturing Sdn. Bhd.:

	Case A	Case B	Case C
Direct materials	RM 3,500	RM 5,000	RM 6,000
Direct labor	(a)	3,000	7,000
Manufacturing overhead	5,000	4,000	(k)
Total manufacturing costs	17,000	(f)	20,000
Beginning work in process inventory	2,500	(g)	3,000
Ending work in process inventory	(b)	1,000	4,000
Sales	30,000	25,000	36,000
Beginning finished goods inventory	1,000	2,500	(l)
Cost of goods manufactured	18,000	14,000	(m)
Cost of goods available for sale	(c)	16,500	(n)
Ending finished goods inventory	(d)	1,500	4,000
Cost of goods sold	17,000	(h)	18,500
Gross margin	13,000	(i)	17,500
Operating expenses	(e)	3,500	(o)
Net operating income	3,500	(j)	5,000

Instruction:

Complete the missing data.

(15 marks)

Part B

Classify the following cost items into direct material, direct labour or manufacturing overhead:

1. Cost of electricity at a paper mill
2. Salaries of paper mill's manager
3. Cost of chemicals to treat paper
4. Depreciation of paper mill's equipment
5. Cost of maintenance of paper mill

(5 marks)

[TOTAL 20 MARKS]

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Question 2

Far Eastern Sdn. Bhd. had the following transactions during its first month of operations:

1. Purchased raw materials on account, RM 80,000.
2. Raw materials of RM 30,000 were requisitioned to the factory. An analysis of the materials requisition slips indicated that RM 6,000 was classified as indirect materials.
3. Factory labour costs incurred were RM 150,000 of which RM 120,000 pertained to factory wages payable and RM 30,000 pertained to employer payroll taxes payable.
4. Time tickets indicated that RM 100,000 was direct labour and RM 50,000 was indirect labour.
5. Overhead costs incurred on account were RM 125,000.
6. Manufacturing overhead was applied on the basis of direct labour cost. Manufacturing overhead for the year is estimated to be RM 1,800,000 while total direct labour is estimated at RM 1,500,000.
7. Goods costing RM 130,000 are still incomplete at the end of the month; the other goods were completed and transferred to finished goods.
8. Finished goods costing RM 100,000 to manufacture were sold on account for RM 130,000.

Instructions:

- a) Determine predetermined overhead rate. (2 marks)
- b) Record the transactions in general journal. (11 marks)
- c) Open T-account for work in process and finished goods inventories. (7 marks)

[TOTAL 20 MARKS]

Continued...

Question 3

En. Ahmad operates a budget hotel in Melaka. Depreciation on the hotel is RM 60,000 per year. En. Ahmad employs a maintenance person at an annual salary of RM 20,000 and a cleaning person at an annual salary of RM 10,800. Property taxes are RM 10,000 per year. The rooms rent at an average price of RM 60 per person per night including breakfast. Other costs are laundry and cleaning service at a cost of RM 8.00 per person per night and the cost of food which is RM 4.00 per person per night.

Instructions:

- Determine the number of rentals and the sales revenue En. Ahmad needs to break even using the contribution margin technique. (8 marks)
- If the current level of rentals is 3,000, by what percentage can rentals decrease before En. Ahmad has to worry about having a net loss? (6 marks)
- En. Ahmad is considering upgrading the breakfast service to attract more business and increase prices. This will cost an additional RM 3.00 for food costs per person per night. En. Ahmad feels he can increase the room rate to RM 65 per person per night. Determine the number of rentals and the sales revenue En. Ahmad needs to break even if the changes are made. (6 marks)

[TOTAL 20 MARKS]

Question 4

The management of Alibaba Sdn. Bhd. has agreed on the following requirements for the company's 2017 budget:

Expected Sales:

1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
6,000 units	7,000 units	8,000 units	9,000 units

Ending Raw Materials Inventory	50% of next quarter's production requirements
Ending Finished Goods Inventory	30% of next quarter's expected sales units

Beginning raw materials inventory for 2017 is 9,450 pounds while beginning finished goods inventory for 2017 is 1,800 units. Three pounds of materials are required to make one unit of finished product. The cost of raw materials are expected to be RM 2 per pound purchased.

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Instructions:

- a) Prepare production budget, by quarter, for the first six-months of 2017. (7.5 marks)
- b) Prepare direct materials budget, by quarter, for the first six-months of 2017.
(12.5 marks)

[TOTAL 20 MARKS]

Question 5**Part A**

The following information is extracted from the books of Oricon Sdn. Bhd.:

Estimated production	500,000 units
Estimated total materials cost	RM 1,500,000
Estimated total labour cost	RM 2,000,000

Instruction:

Compute the estimates for:

- i. Standard cost
- ii. Budgeted cost (4 marks)

Part B

Laman Hijau runs a landscaping business for residential and commercial properties in Melaka. During September 2016, the company worked on three projects (Azman, Chong and Muthu). As the cost of seeds made up a significant portion of its total costs, the company is paying extra attention to the changes of the cost of grass seeds.

The company uses standards costs and prepares monthly variance reports. Analysis reveals that the purchasing staff mistakenly purchased poor quality seeds for Azman project. Meanwhile, Chong project received high quality seeds that was on sale. Standard quality seeds are used for Muthu project. However, the price for standard quality seeds has increased and a new part-timer was employed to spread the seed.

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Followings are the data of each project:

Project	Actual		Standard		Total Variance
	Quantity	Costs	Quantity	Costs	
Azman	500 pounds	RM 1,200	450 pounds	RM 1,150	RM 50 U
Chong	400 pounds	940	420 pounds	1,000	60 F
Muthu	500 pounds	1,300	480 pounds	1,200	100 U
					RM 90 U

Instructions:

- Prepare a variance report for the purchasing department to explain material price variance. (8 marks)
- Prepare a variance report for the production department to explain material quantity variance. (8 marks)

[TOTAL 20 MARKS]

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